

Montgomery County
Senior Executive Performance Plan

Department of Economic
Development

Last Update December 9, 2008

1. CONTRIBUTION TO MONTGOMERY RESULTS

- ① Strong and Vibrant Economy
- ② Vital Living for All of Our Residents
- ③ Healthy and Sustainable Communities
- ④ A Responsive and Accountable County Government

2. DEPARTMENT OF ECONOMIC DEVELOPMENT AT A GLANCE

What DED Does and for Whom	How Much (FY08)	FY09
<p><u>Overall</u> DED's vision is to make Montgomery County the "Smart" business location in a competitive, knowledge-based, global economy. Its core mission is the creation, retention, expansion and attraction of businesses in the County to foster investment and job creation, develop strategic infrastructure projects such as technology and life sciences parks, business incubators, conference center and multi-use arena, and manage five business incubators in the County's Incubator Network.</p>	<ul style="list-style-type: none"> • 49.1 WYs plus 2 WYs outside of DED • \$4,428,614 in personnel costs • \$3,687,081 in operating costs • 1 WY and \$820,000 for the Economic Development Fund separate from DED • 1 WY and \$540,000 for the Conference Center in Non Departmental Account 	<ul style="list-style-type: none"> • 45.6 WYs plus 2 WYs outside of DED • \$5,077,990 in personnel costs • \$2,970,590 in operating costs • 1 WY and \$852,440 for the Economic Development Fund separate from DED • 1 WY and \$567,090 for the Conference Center in Non Departmental Account
<p><u>Marketing and Business Development</u></p> <ol style="list-style-type: none"> 1. Showcases the assets of the County in a global economy through promotional activities, communication, event coordination, global marketing and advertising, and dissemination of information through various media. 2. Attracts and retains businesses with qualified business leads ("Prospects") identified through research, business visitations, contacts, networking, tradeshow, and business missions. 3. Helps strengthen key industry clusters in the County through targeted industry sector programs. 	<ul style="list-style-type: none"> • 18% of DED budget • 8 WYs. • \$1,005,515 in personnel costs • \$486,487 in operating costs • Makes 2,000 - 2,400 contacts/year to develop 220 plus prospects/year. 	<ul style="list-style-type: none"> • 22% of DED budget • 10 WYs. • \$1,299,735 in personnel costs • \$508,450 in operating costs • Makes 2,000 - 2,400 contacts/year to develop 150 plus prospects/year.

What DED Does and for Whom	How Much (FY08)	FY09
<p><u>Small and MFD Business Support (Business Empowerment)</u></p> <ol style="list-style-type: none"> 1. While ensuring that the knowledge-based economy enhances all sectors of the business community, focus on providing direct hands-on support to the County's small, ethnic minority, and woman owned businesses by developing resources such as technical publications, and forming service delivery partnership such as SBDC, LEDC, and Macklin Institute, and Dingman Center. 2. Operates programs such as Incubator Network, Mentorship Program, and the Micro-Enterprise Program to a selected number of businesses or entrepreneurs to improve their growth or smooth establishment of their business ventures. 	<ul style="list-style-type: none"> • 37% of DED budget • 11 WYs (5 for the Incubator Network) • \$1,151,553 in personnel costs • \$139,991 in general operating costs • Delivers 45-50 training events/year for Small and MFD businesses • \$1,733,130 in operating funds for the Incubator Network • Incubates 85-110 companies/year 	<ul style="list-style-type: none"> • 32% of DED budget • 11 WYs (5 for the Incubator Network) • \$1,257,742 in personnel costs • \$70,800 in general operating costs • Delivers 45-50 training events/year for Small and MFD businesses • \$1,263,400 in operating funds for the Incubator Network • Incubates 110-135 companies/year
<p><u>Finance, Administration, and Special Projects</u></p> <ol style="list-style-type: none"> 1. Stimulates business growth and expansion by underwriting and issuing grants and loans from the five programs of the Economic Development Fund (EDF). Focus is to induce capital investment and job creation from the private businesses and to leverage funds from the state and other public entities for the County's projects. 2. Plans, develops, and manages capital projects that add growth capacity for the County through private/public, or public/quasi-public entity partnerships. 3. Provides back office functions to all other divisions in the areas of: procurement, finance, budget planning and execution, office administration and automation. 	<p><u>DED</u></p> <ul style="list-style-type: none"> • 12% of DED budget • 6 WYs • \$651,821 in personnel costs • \$281,957 in operating costs • Oversees two technology park projects <p><u>EDF</u></p> <ul style="list-style-type: none"> • 1 WY charged to EDF • \$820,000 in base budget • Conducts due diligence on 75-85 applications to underwrite 25-30 EDF transactions/year <p><u>Conference Center NDA</u></p> <ul style="list-style-type: none"> • 1 WY charged to NDA • \$540,000 in operating fund 	<p><u>DED</u></p> <ul style="list-style-type: none"> • 12% of DED budget • 7 WYs • \$743,364 in personnel costs • \$226,300 in operating costs • Oversees two technology park projects <p><u>EDF</u></p> <ul style="list-style-type: none"> • 1 WY charged to EDF • \$852,440 in base budget • Conducts due diligence on 75-85 applications to underwrite 10-15 EDF transactions/year <p><u>Conference Center NDA</u></p> <ul style="list-style-type: none"> • 1 WY charged to NDA • \$567,090 in operating fund

What DED Does and for Whom	How Much (FY08)	FY09
<p><u>Workforce Development</u></p> <ol style="list-style-type: none"> 1. Operates three One-Stop Career Centers in the County to provide array of career assessment, job readiness training, skill enhancement training services to dislocated workers and at-risk youth population. 2. Provides job placement service to job-seeking public, and provides recruitment services for employers, as well as creating targeted services for employers in key industry clusters 	<ul style="list-style-type: none"> • 12% of DED budget • 5 WYs from County Funds and 1 WY in Grant Fund • \$364,283 in personnel costs • \$592,491 in operating costs • US Department of Labor's \$2.1M grant supports One Stop Career Centers 	<ul style="list-style-type: none"> • 14% of DED budget • 5 WYs from County Funds and 1WY in Grant Fund • \$524,978 in personnel costs • \$595,103 in operating costs • US Department of Labor's \$2.7M grant supports One Stop Career Centers
<p><u>Agricultural Industry Support</u></p> <ol style="list-style-type: none"> 1. Protects farmland and environmental resources through protective easements and Transferable Development Rights (TDRs). 2. Supports, and facilitates agricultural community's stabilization through soil conservation training and education; draught assistance, planning and marketing assistance for the farmer's market and farm tours, providing technical assistance to implement best farming practice, and providing guidance on developing alternative crops and revenue sources. 	<ul style="list-style-type: none"> • 12% of DED budget • 7.2 WYs (plus 2.6 WY charged to CIP) • \$686,519 in personnel costs • \$325,803 in operating costs • \$6.4 million and 1.4 WY in Land Preservation CIP • 2,000 plus acres/year protected 	<ul style="list-style-type: none"> • 12% of DED budget • 7.2 WYs (plus 2.6 WY charged to CIP) • \$730,324 in personnel costs • \$273,347 in operating costs • \$6.4 million and 2.6 WY (\$294,943) in Land Preservation CIP • 2,000 plus acres/year protected
<p><u>Business Advocacy (Director's Office)</u></p> <ol style="list-style-type: none"> 1. Provides strategic planning and initiates various studies so County is always updated on its business/economic base profile. 2. Establishes strategic partnership with the federal/state agencies, higher educational institutions, and industry groups on behalf of the County's business communities to foster synergistic economic development. 3. Provides leadership in legislative initiatives to ensure that the County business communities' interests and needs are reflected and protected in newly introduced legislations. 4. Establishes global linkages, and serves as the global ambassador for the County utilizing various means of media. 5. Coordinates the department's media and public relations and generates press releases for the department and the County businesses. 	<ul style="list-style-type: none"> • 8% of DED budget • 5.2 WYs. • \$568,924 in personnel costs • \$137,223 in operating costs 	<ul style="list-style-type: none"> • 7% of DED budget • 4.5 WYs. • \$521,851 in personnel costs • \$33,150 in operating costs

3. HEADLINE MEASURES

Headline Measure Group #1 (under construction):

Quantifying DED's Business Attraction, Retention & Expansion Efforts

Outcomes of Business Attraction, Retention & Expansion efforts will be measured by:

- ① Jobs created
 1. By existing business expansion
 2. By new business attraction
- ② Total new capital investment:
 1. By businesses currently located in the County
 2. By newly attracted and started businesses
- ③ New Commercial Space Occupied:
 1. By businesses currently located in the County
 2. By newly attracted and started businesses
- ④ Survey results from businesses that participated in County sponsored technical assistance and training programs
- ⑤ Total number of prospects in DED's 'active' pipeline and the number that are successfully closed to gauge the total and the percent success rate.

Headline Measure Group #2 (under construction):

Quantifying DED's Incubator Program

Outcomes of Business Incubator Program will be measured by:

- ⑥ Number of new jobs created by incubator tenant companies during the incubation period and post graduation.
- ⑦ Occupancy rate, graduation rate, and residency rate of each incubator
- ⑧ Number of Intellectual Property issued to and amount of federal research grant and private equity financing received by incubator companies (5 year window from the Incubator admission date). * This data, although not easy to track due to proprietary nature, will be a key success outcome of incubator program. As such, will be tracked and reported to the maximum data availability.

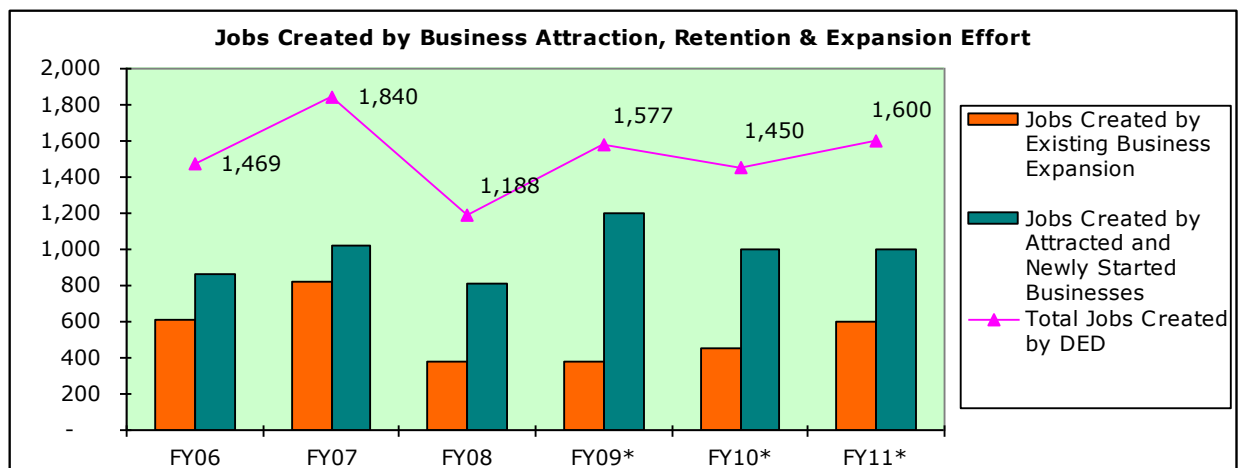
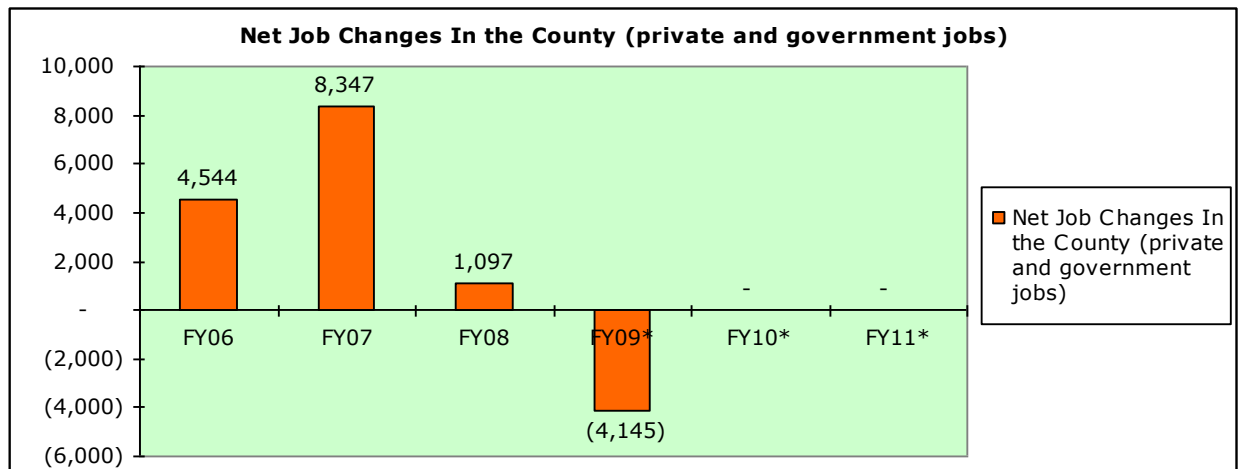
4. PERFORMANCE

Headline Measures on: DED's Business Attraction, Retention & Expansion Efforts

The performance measure ① through ⑤ shows the overall success of DED's business attraction, retention and expansion effort. Fiscal Years with asterisk denote projected outcome.

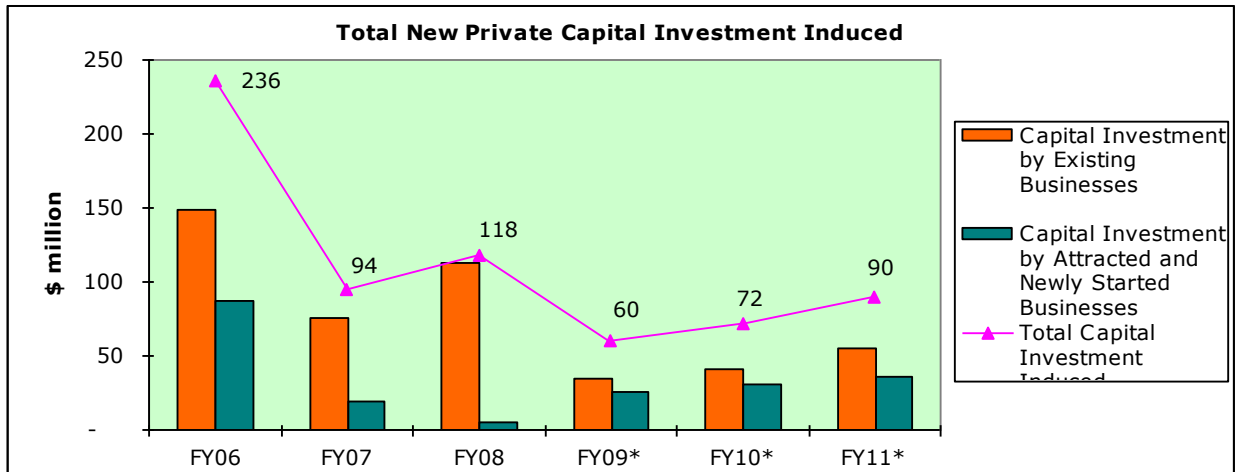
① Number of Jobs Created by Existing Business Expansion

This performance measure shows overall success of DED business development effort. Due to the different types of marketing programming and resources deployed, jobs created by retention effort are tracked separately from jobs created by attracted businesses (including new startups) to monitor the impacts of retention vs. attraction effort.



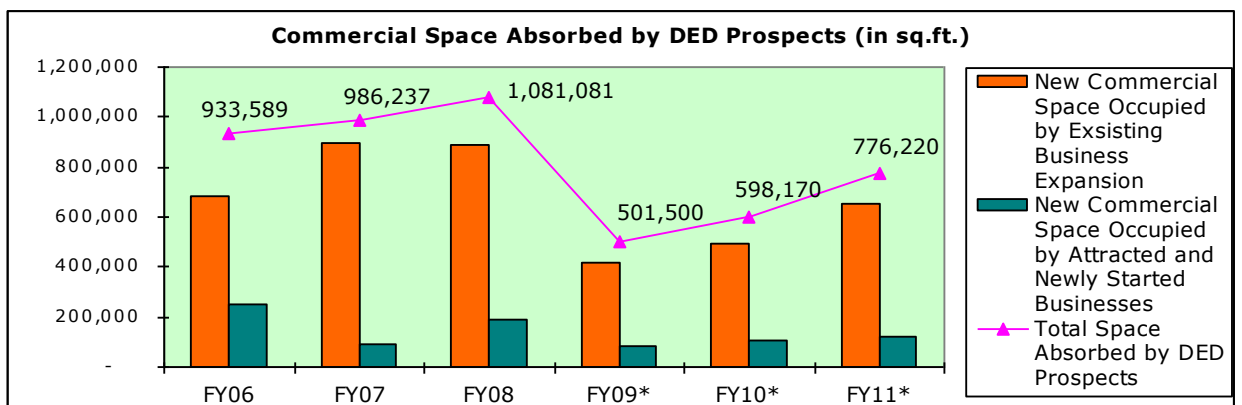
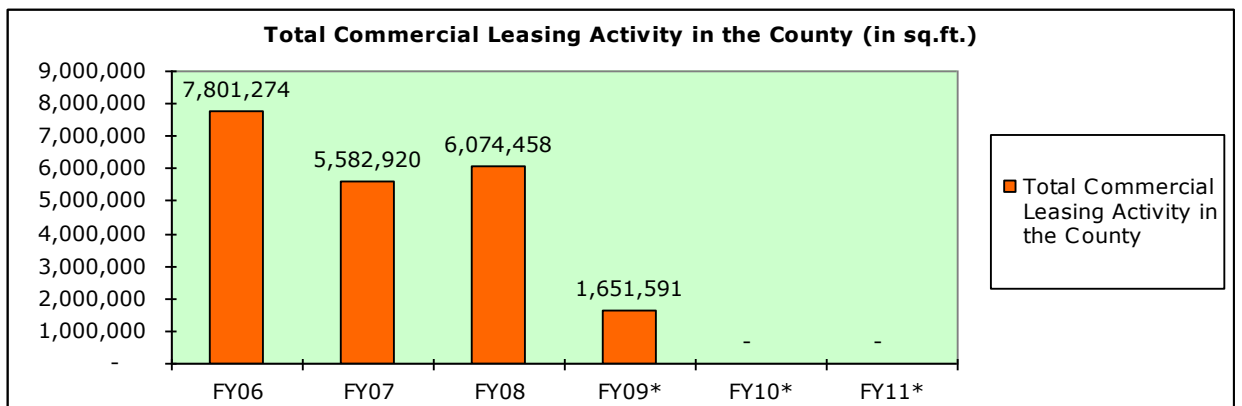
② Total New Capital Investment

This performance measure shows the amount of capital invested by DED's successful prospect closings. This measure is important as it is directly tied to the amount of new tax revenues (particularly on real property) that County will receive.



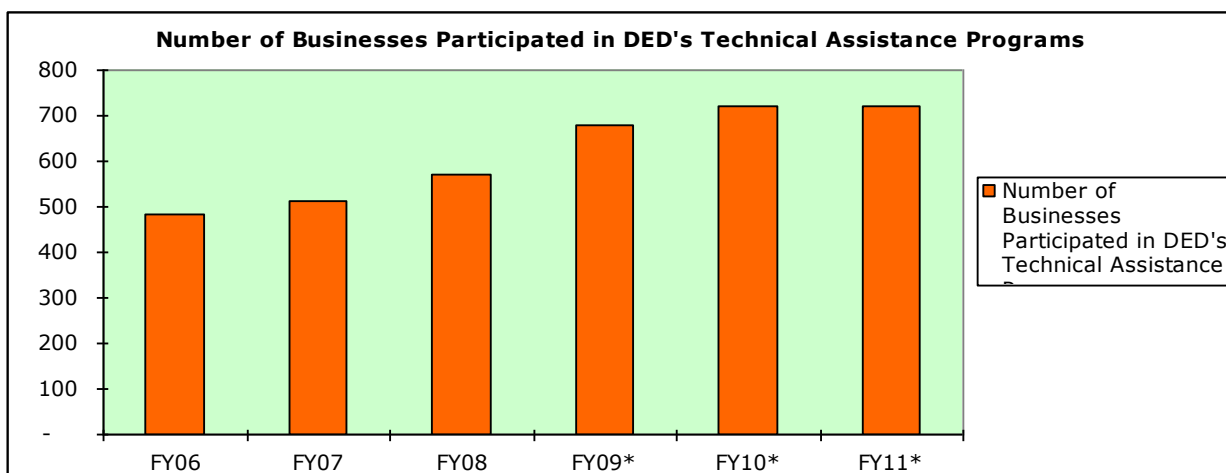
③ New Commercial Space Occupied:

This performance measure shows the new commercial space consumption by DED's successful prospect closing. This measure not only captures DED's contribution in lowering the vacancy rate of the County's commercial space inventory but only enables DED to monitor trends (per employee spending, space need by industry, etc) in commercial leasing and new construction.



④ Number of businesses participated in County sponsored technical assistance programs

This performance measure shows the level of success in DED's Small, Minority, Female, and Disadvantaged business outreach effort and placement of business assistance programs. The participation number will indicate the effectiveness of DED's outreach method and the relevancy of program placement addressing the need of the business communities.



* due to DED's database migration in process, refined numbers will be available by April 2009.

Direct Technical Assistance

- This category is defined as direct contact or training provided to individuals including one-on-one and group meetings and consultations, incubator tenant consultations, business visits, seminars and presentations, walk-ins and telephone calls. This category will track the dissemination of specific information on items such as a) starting a business, b) requirements for admission into the incubator network, c) information on available DED programs and services and d) assistance with procurement or other issues. DBE will create a standardized "Sign In Sheet" template to be used for each event.
- **Survey Methodology and Frequency**
DED will create a standard electronic survey instrument that will assess the usefulness of the service or program delivered to clients and their satisfaction with the information received. A random sample of approximately 20% of clients served will be implemented on a quarterly basis.

All Innovation Center Tenants will be surveyed on an annual basis.

Indirect Technical Assistance

- **Information and Referral** – There are private and public groups that provide services to small businesses and there are organizations where DED has established specific strategic partnerships to provide services to small businesses. DBE routinely refers businesses seeking assistance to these organizations. This category will track the number of referrals by DBE to these organizations and include the reporting by the Small Business Development Centers and the Latino Economic Development Corporation.
- **Survey Methodology and Frequency** - The Small Business Development Center and the Latino Economic Development Corporation conduct client evaluations of their programs and services. The result of these evaluations will be included in this section.

Additionally, wherever possible we will utilize the DBE standard electronic survey instrument as described in Direct Technical Assistance. A random sample of approximately 20% of clients served will be implemented on a quarterly basis.

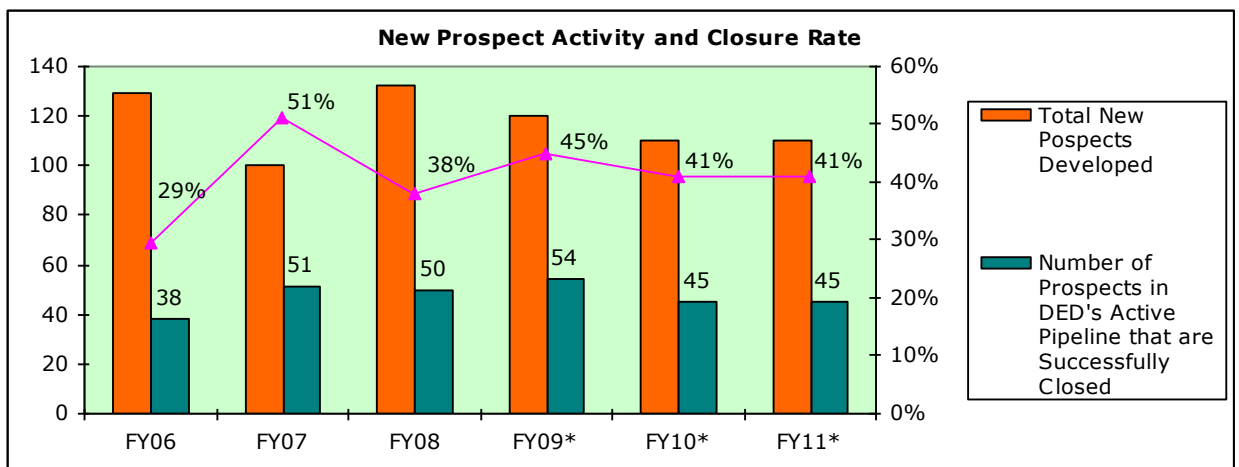
- **Outreach and Marketing** - This measure will track all contact with individuals or groups where DBE staff is “marketing” and/or providing information about services available within DED. Examples of this type of technical assistance will include attendance at procurement fairs, trade shows, attendance/presentations at various business and professional groups, hosting foreign delegations, hosting outside groups in DED facilities, Innovation Network tours, events where DED partners with other organizations and similar types of events.
- **Survey Methodology and Frequency**
Whenever possible, we will maintain attendance lists of all attendees (including email addresses) and provide a cumulative total of the number of individuals. In instances where DBE is a participant with other groups, we will obtain the results of the evaluation completed by the organization. Annually, DBE will conduct an on line survey of approximately 10% of the clients served using the standardized survey instrument. Additionally, all partnering organizations will be asked to share the results of their satisfaction surveys with DBE. If we are just attending an event, we will request the host/organizer to provide attendance list to us.

Survey Questions:

- The survey instrument will include no more than 10 questions that will include both yes or no responses and rate satisfaction by the following categories: Strongly Agree, Somewhat Agree, Unsure, Somewhat Disagree, and Do Not Agree. At least one question will give the client the opportunity to provide narrative comment regarding the service received.
- The instrument can be anonymous if desired, and include unbiased questions.

⑤ Number of prospects in DED’s ‘active’ pipeline that are successfully closed.

This performance measure shows the effectiveness of DED’s marketing and business development effort. Though marketing, research, and networking, contacts with businesses are developed, and these contacts are screened to separate prospects (defined as business that has expansion/relocation plan within 6-18 months of contact date). Considering the fact that historically less than 10% of the contacts are ultimately screened as prospects, generating sufficient number of contacts and efficient closing of screened prospect cases are critical to DED’s success.

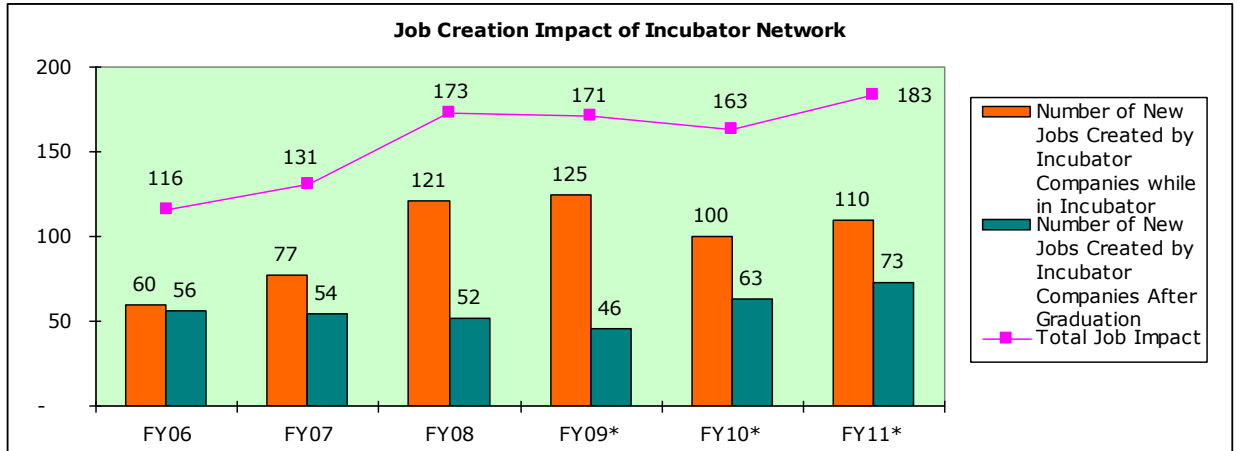


Headline Measures on: DED's Incubator Program

Outcomes of Business Incubator Program will be measured by:

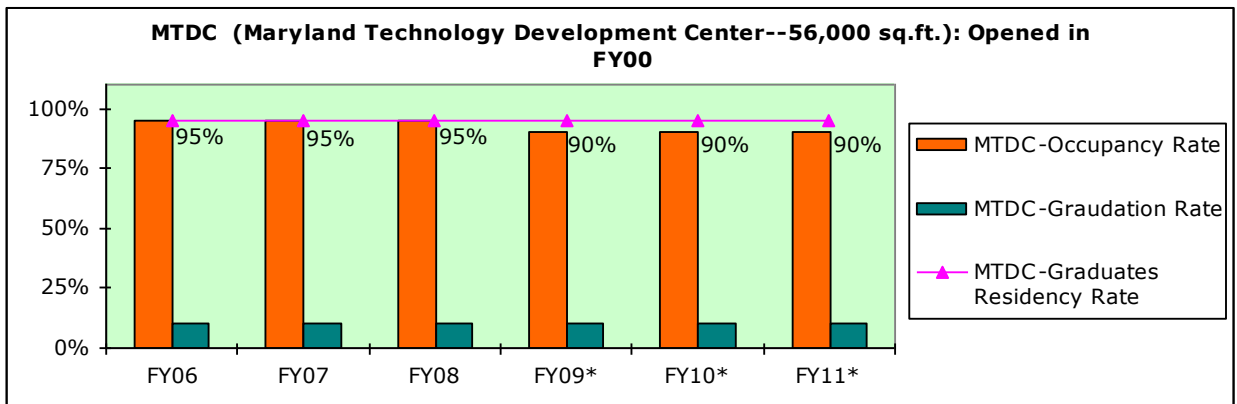
- ⑥ Number of new jobs created by incubator tenant during incubation period and post graduation.

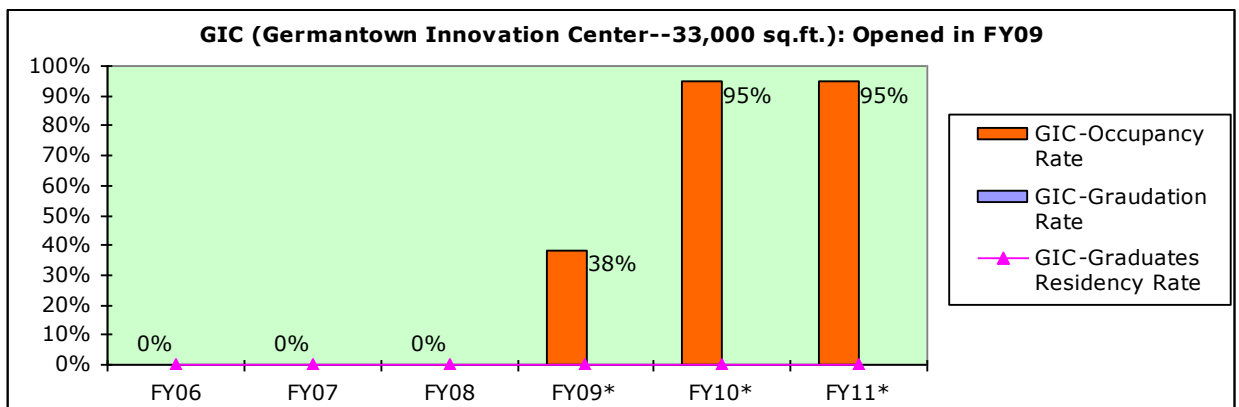
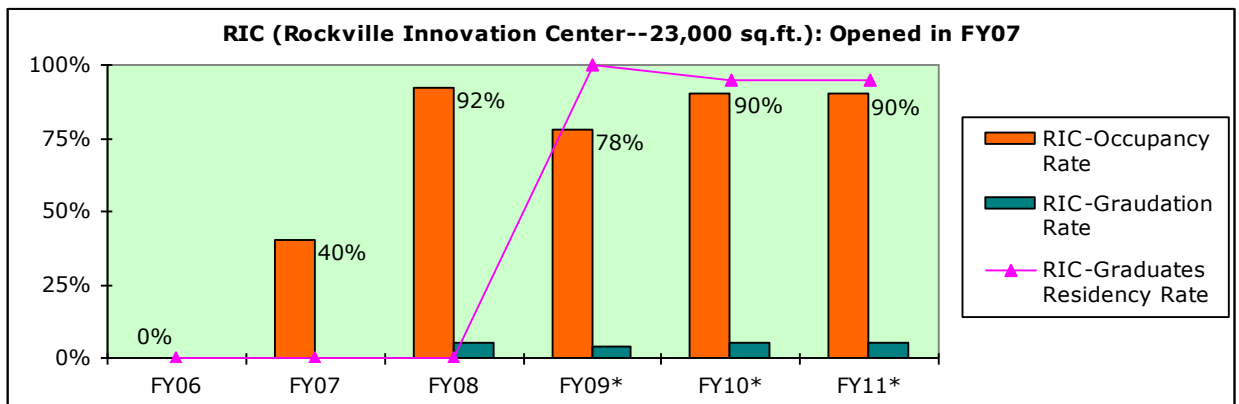
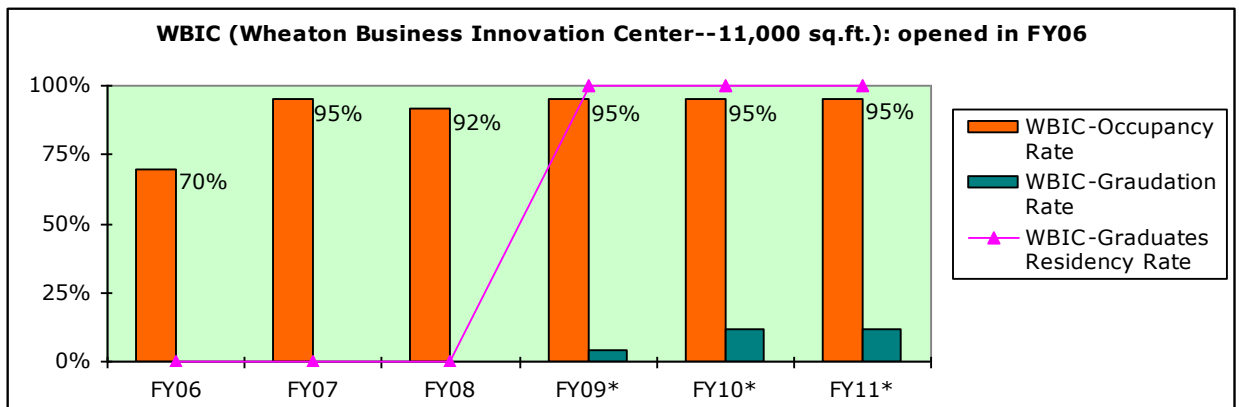
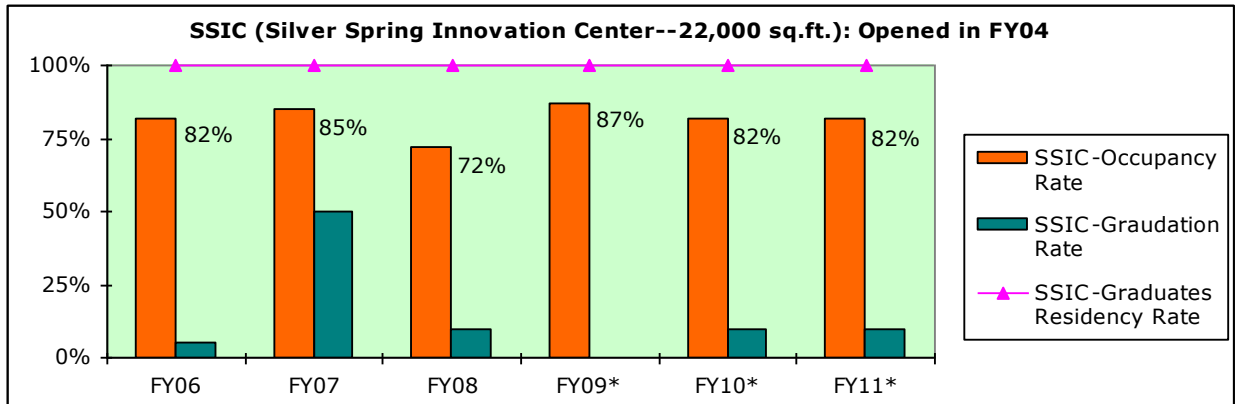
This performance measure shows the effectiveness of DED's Incubator Programs in developing and nurturing early stage and start-up companies to market ready companies that create jobs and occupy commercial space in the County..



- ⑦ Occupancy rate, graduation rate, and residency rate of incubators in the network.

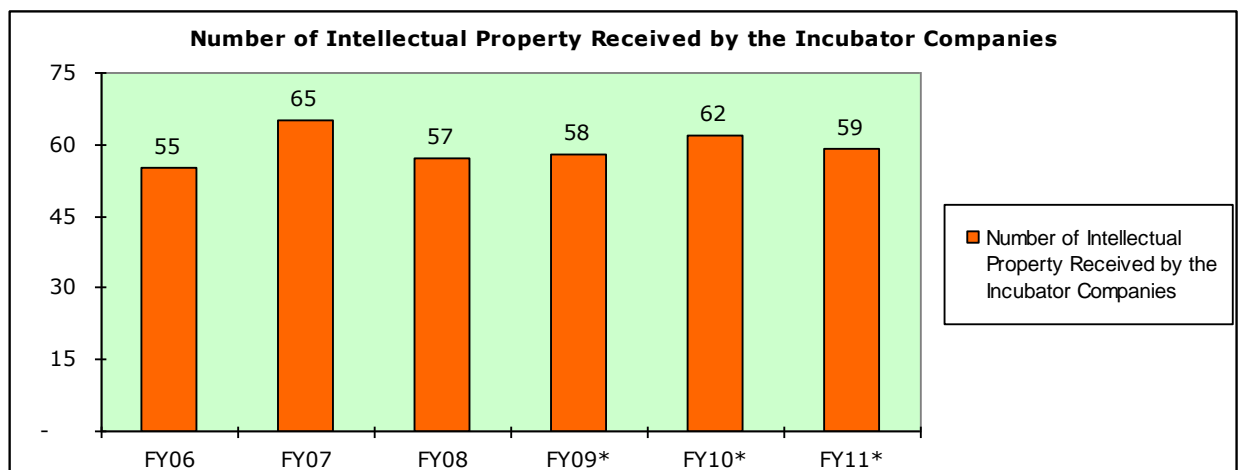
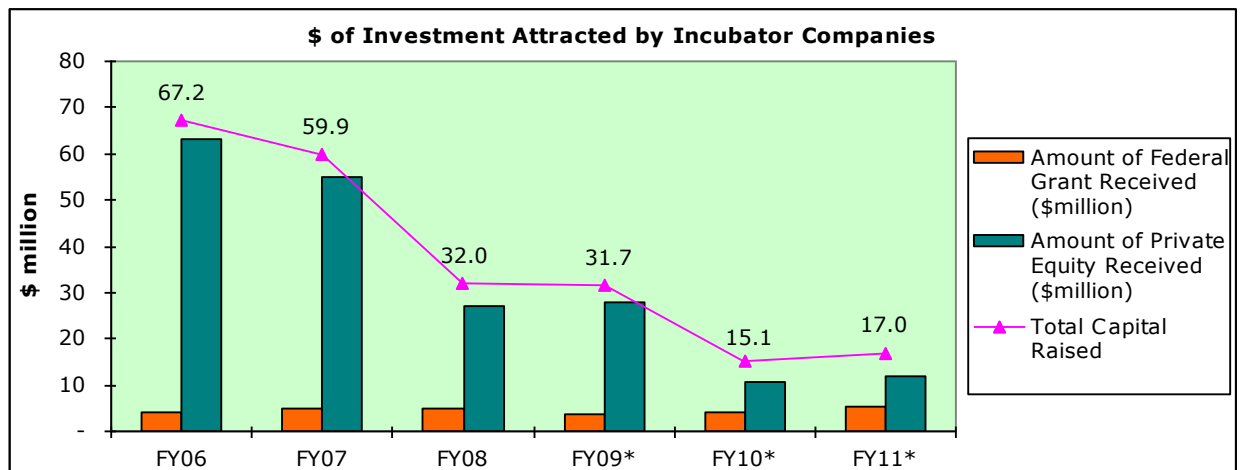
This performance measure shows the effectiveness of County funds in creating new knowledge based jobs in the County. While most jobs are created by the Incubator companies after they graduate, the jobs they create during their stay in the Incubator is a comprehensive measure of DED's screening process for new incubator companies, size and timeliness of the financial assistance that DED either offers directly or facilitates, and the adequacy and the effectiveness of the technical training and networking programs that DED provides to the Incubator tenants.





- ⑧ Number of Intellectual Property issued to and amount of federal research grant and private equity financing received by incubator companies (5 year window from the Incubator admission date). * This data, although not easy to track due to proprietary nature, will be a key success outcome of incubator program. As such, will be tracked and reported to the maximum data availability.

This performance measure gauges the economic impact and the societal impact of Incubator Program in making new scientific and technological discoveries, and enabling commercialization of those discoveries.



5. STORY BEHIND PERFORMANCE

Headline Performance Measure	Contributing Factors	Restricting Factors
Business Attraction, Retention & Expansion Effort	<ol style="list-style-type: none"> 1. Locational advantages and high quality of life in the County. 2. Abundance of business resources and proactive business organizations that support entrepreneurship. 3. Strong partnership with the State to promote business attraction and retention. 4. Recent emphasis on international prospect missions and attraction of foreign direct investment. 	<ol style="list-style-type: none"> 1. Limited marketing funds to carry out a sustained marketing campaign and distribute collateral material (both within and outside of the region). 2. Lack of a unified service delivery system to business community. 3. Scarcity of seed funding for early stage companies. 4. High costs of conducting business due to market conditions and governmental regulations. 5. Competitiveness of the region's other jurisdictions in attracting businesses. 6. High cost of living and State tax structure for businesses.
Incubator Program	<ol style="list-style-type: none"> 1. Strong knowledge based economy of the County encourages entrepreneurship and the spin off of new entrepreneurs. 2. Presence of five top-notch incubator facilities at strategic locations in the County. 3. Quality and number of management training and networking events offered to incubator companies. 4. Ability to provide flexible terms to meet each company's requirements. 5. On-site staffing assistance to resolve operational and facility related issues. 6. Good supply of high-tech work force. 	<ol style="list-style-type: none"> 1. Due to recession, more commercial space is available for potential incubator tenants at lower rate than County's incubator. If incubator rates are lowered to match the market condition, then more operational subsidy will be required to meet the debt service requirements of three incubators. If the rates are not lowered, the vacancy rate will rise resulting in less revenue and hence an additional subsidy requirement from the County will be required. 2. Incubators operate with a minimal subsidy from the County. As a result, their budgets are very limited in providing the type of more sophisticated support services and programs high-tech incubator companies require, and other incubators are starting to provide. 3. Very labor intensive services required to support incubator companies. Current staffing of one professional per incubator facility is insufficient to provide the desired level of service. 4. Strong competition from region's other incubators, require expanded and innovative marketing.

5. WHAT WE PROPOSE TO DO TO IMPROVE PERFORMANCE

To Address:

- High costs of conducting business due to market conditions and governmental regulations, including the County's land use policies.
- Competitiveness of the region's other jurisdictions in attracting businesses.
- Insufficient marketing funds to carry out a sustained marketing campaign and distribute collateral material (both within and outside of the region) to develop sustained prospect flow.
- Direct funding program-the EDF-depleted fund balance

Innovations/New Initiatives

- Create comprehensive prospect guide book for each targeted industry sector demonstrating that County 's locational advantages, abundance of resources, and easy access to highly educated workforce outweighs real and perceived higher costs and longer process of doing business in Montgomery County.
- Develop 1-2 international trade missions per year to attract foreign prospects/investment (India mission in FY08 was the first, and Korea and China missions were completed in FY09).
- Develop and implement a strategy to enhance technology transfer from County R&D facilities to the business community through partnerships with organizations such as the Technology Development Corporation of Maryland and Federal Labs Consortium.

To Address:

- Long and complicated development process for capital projects.

Innovations/New Initiatives

- Conduct regular (quarterly) prospect/project meetings with Park and Planning Commission, DHCA, DPS, and Regional Services Center to identify significant prospect activities and provide unified and seamless support services to complete the prospect/project transactions.
- Identify and maintain directory of point staff in all governing agencies that can trouble shoot business related issues.

To Address:

- Direct funding program-the EDF-depleted fund balance
- Scarcity of seed funding for early stage companies.

Innovations/New Initiatives

- Establish a formal working relationship with the national Venture Capital Institute to create a referral and matchmaking network to assist County's advanced technology and life sciences companies seeking growth capital. There is evidence that venture capital investment is made through a rather small circle/network of investors—particularly on Series A or B round.
- Facilitate the creation of training and networking programs for persons and organizations willing to invest—particularly from Asia--in small advanced technology and life sciences companies in the County. In FY08, DED has brokered three investments to County biotech companies from Korea and India, and making progress for two in FY09
- Develop partnerships with federal laboratory groups and State/federal programs to enhance business opportunities for technology transfer and innovation in the women and minority-owned business communities.

Pre-Existing Efforts

- Seek supplemental appropriations to replenish the EDF balance.

To Address:

- Current vacancies and staff resources not adequate to meet the demand of County's estimated 40,000 small businesses.



Innovations/New Initiatives

- Strengthen strategic partnerships and develop collaborative outreach events with the Office of Procurement to enhance available contract opportunities to local and/or small businesses.
- Enhance alliances with resource partners by facilitating and conducting small business walking tours with the U.S. Small Business Administration, Maryland Small Business Development Center Network, and other business groups.
- Create better communication channels through listservs, web site postings and partnering with other organizations.

Pre-Existing Efforts

- Expand the Small Business Mentorship Program.
- Become an integral participant/sponsor of the Federal Laboratory Consortium and create an intra-County network of federal labs, providing new linkages and closer ties with those who promote tech transfer within the labs.
- Participate in marketing, promotion and strategic development working groups on tech transfer within Maryland, to enhance and leverage the County's investment with partners such as TEDCO, University of Maryland, Johns Hopkins University, Rockville Economic Development Inc., and Montgomery College.
- Request for a waiver to fill the current vacancies.